



# State Innovation Model Grant

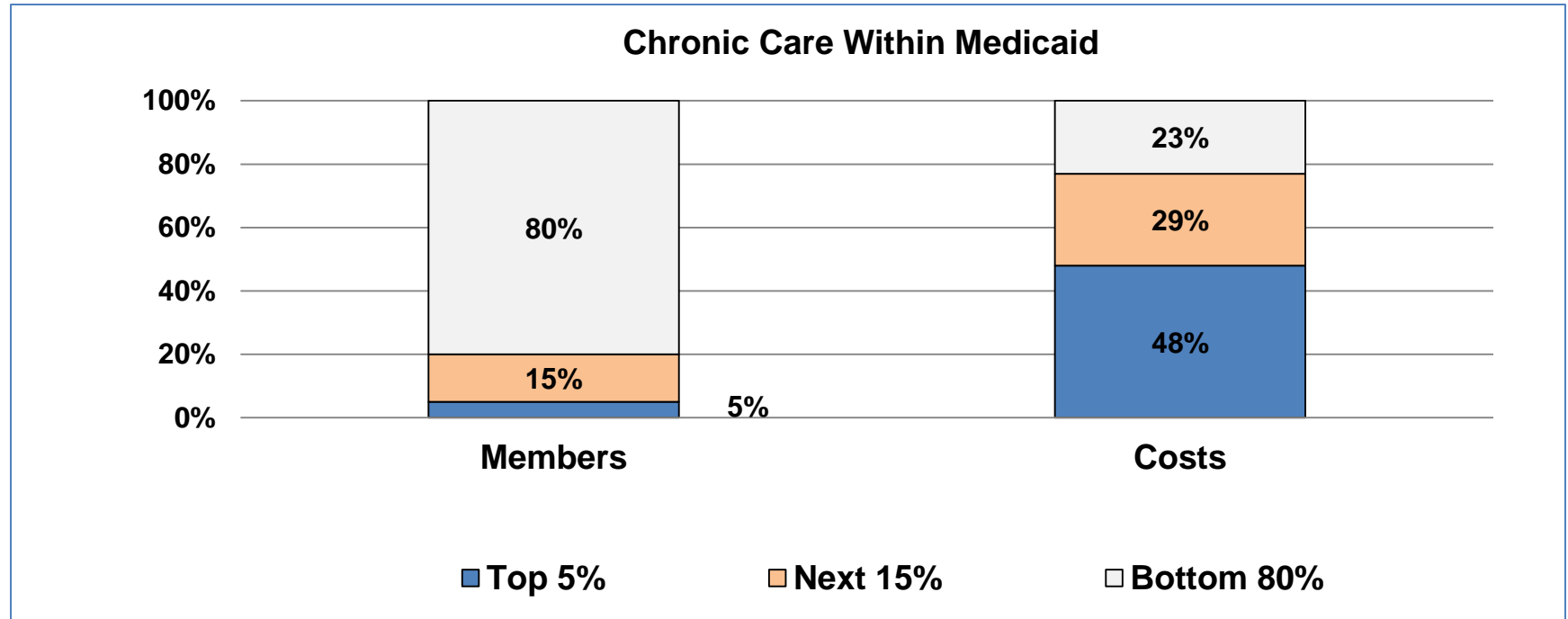
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## The problem

### Chronic disease drives costs





## Top 5% High Cost/High Risk Members\* Accounted for:

- 90% of hospital readmissions within 30 days
- 75% of total inpatient cost
- Have an average of 4.2 conditions, 5 physicians, and 5.6 prescribers
- 50% of prescription drug cost
- 42% of the members in the top 5% in 2010, were also in the top 5% in 2009

\*Excludes Long Term Care, IowaCare, Dual Eligibles, and maternity



## Why change?

- Health care delivery system is fragmented
- Reimbursement methods reward volume not value
- Cost of health care is unaffordable and unsustainable for citizens and taxpayers
- We need to increase quality/outcomes & lower cost



## What is Medicaid's role in Delivery Reform?

- Medicaid relies on the same health care system as all others to deliver care to our covered members
- Medicaid uses very similar payment and contracting methods
- Whatever is driving the rest of the health care system is also driving Medicaid
- Medicaid is a significant payor - 2<sup>nd</sup> largest payor, covers 23% of Iowans



## **State Health Care Innovation Plan “Plan & Funding”**

- Requested \$1.4 million
- Contractor support:
  - Data Analytics
  - Technical Assistance
  - Actuarial Services
  - Project Management

- Six month CMS grant to design, including request for second grant
- Submitted by DHS on behalf of Governor
- Stakeholder participation important
- CMS seeking multi-payor, broad-based delivery system reform



## **State Health Care Innovation Plan “Vision”**

- Economically Sustainable
- Accountability
- Aligned Payment and Quality Strategies
- Patient-focused
- Workforce

**Vision:** Transform Iowa's health care economy so that it is affordable and accessible for families, employers, and the state, and achieves higher quality and better outcomes for patients.



## State Health Care Innovation Plan “Goal & Strategies”

*Improve value and align  
payment models*

**GOAL:** Reduce the rate of growth in health care costs for the state as a whole to the Consumer Price Index within 3 years. The goals of the ACO organization are more aggressive, to reduce costs by 5-8% within 3 years.





## State Health Care Innovation Plan – Iowa Proposal

*Improve value and align payment models*

- Payment reform
- Organized, coordinated delivery systems
- Health Home infrastructure
- Align payors to provide 'critical mass' to support needed investments in change

- 'Accountable Care Organizations' (ACO) are a reimbursement method that incents accountability for outcomes and lower costs
- Iowa provider systems are developing ACOs with Wellmark and Medicare
- Under Governor's proposal, Medicaid would align with other payors
- Wellmark and Medicaid together cover 70% of Iowans



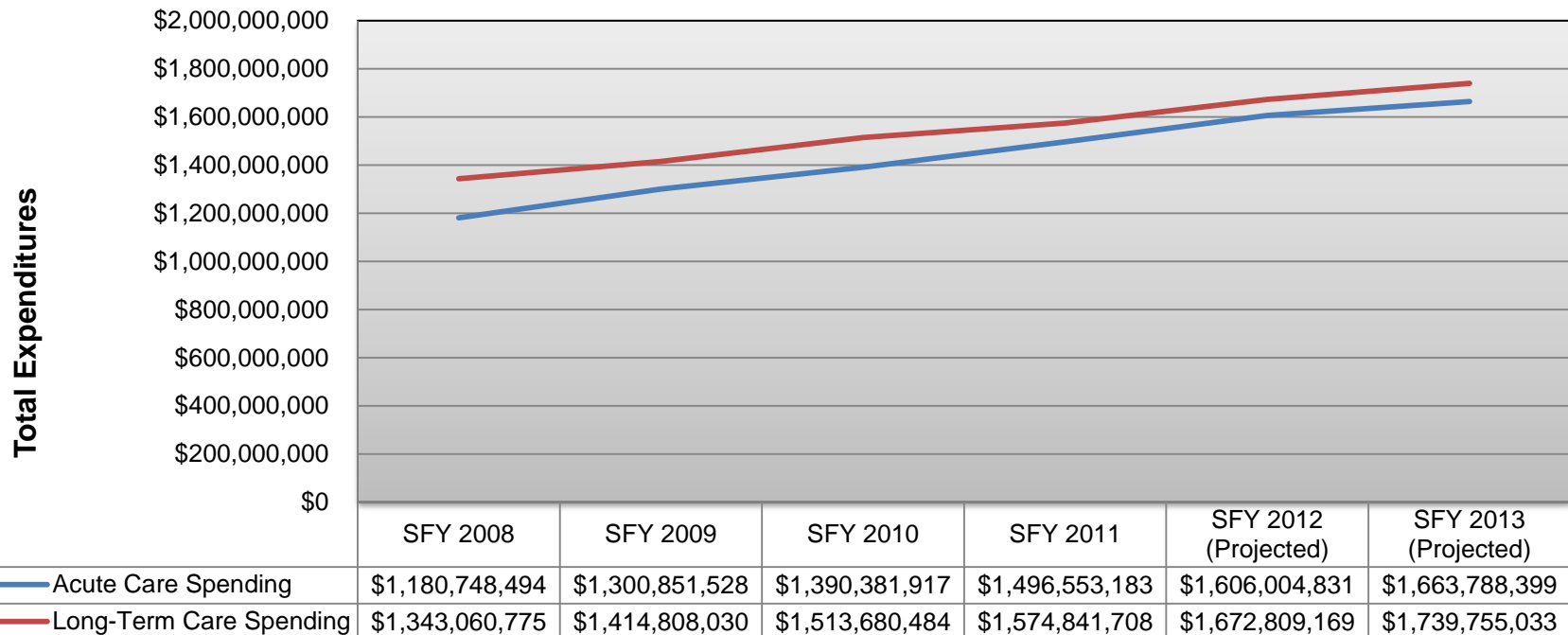
## State Health Care Innovation Plan – Iowa Proposal

- Long term care and disability systems lack coordination with physical health systems
  - Medicaid is the key payor in these systems
  - Long term care costs account for over half of Iowa Medicaid expenditures
- Strategy 1: Implement a multi-payer Accountable Care Organization (ACO) methodology across Iowa's primary health care payers.
  - Strategy 2: Expand on the multi-payer ACO methodology to address integration of long term care services and supports and behavioral health services.
  - Strategy 3: Population health and health promotion



## Long Term Care expenditures account for over half of Medicaid expenditures

**Iowa Medicaid Acute Care and Long-Term Care Spending  
SFY 2008 - SFY 2013**





## State Innovation Model Grant Letters of Support

- Governor's Office
- Wellmark Blue Cross/Blue Shield
- Iowa Hospital Association
- Iowa Medical Society
- Iowa Department on Aging
- Iowa Healthcare Collaborative
- University of Iowa Health Care
- Magellan Behavioral Health
- Iowa Health System
- Mercy ACO
- Genesis Health System



## Questions?

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